

Message Text

SECRET

PAGE 01 PEKING 01276 300524Z

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ACTION SS-30

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R 300400Z JUL 74

FM USLO PEKING

TO SECSTATE WASHDC 1276

INFO AMEMBASSY SEOUL

AMCONSUL HONG KONG

S E C R E T PEKING 1276

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EXDIS

E.O. 11652: GDS

TAGS:PFOR, CH, KN, ETRD

SUBJECT: PRC INTEREST IN BOEING AIRCRAFT FOR NORTH KOREA

REF: STATE 157341

1. IN CONVERSATION AT USLO ON JULY 29 WITH ACTING CHIEF
HOLDRIDGE AND C/E OFFICER HOROWITZ, TWO BOEING OFFICIALS
PROVIDED SOME INFORMATION ON THEIR DISCUSSION WITH THE CHINESE
CONCERNING THE POSSIBLE SALE OR TRANSFER OF BOEING 707'S TO
NORTH KOREA. BYRON MILLER, BOEING'S DIRECTOR OF
INTERNATIONAL SALES, AND JAMES CHORLTON, REGIONAL SALES
MANAGER, HAVE BEEN IN PEKING FOR ALMOST A WEEK TALKING TO
OFFICIALS OF THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT
CORPORATION (MACHIMPEX).

2. MILLER AND CHORLTON SAID THE CHINESE, AND APPARENTLY
THE NORTH KOREANS, ARE VERY SERIOUS ABOUT THIS POSSIBLE DEAL.
BOEING HAD THE FIRST HINT OF SUCH A PROPOSAL BEFORE BOEING
PRESIDENT STAMPER VISITED PEKING IN THE SPRING, AND THE
CHINESE DID, IN FACT, RAISE THE SUBJECT DURING HIS VISIT.
THE CHINESE, MILLER AND CHORLTON SAID, ARE PREAPRED TO SELL
OR LEASE TO THE NORTH KOREANS EITHER NEW 707'S THEY WOULD
BUY FROM BOEING, OR SOME OF THE 707'S FROM THEIR PRESENT

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SECRET

PAGE 02 PEKING 01276 300524Z

UNDER-UTILIZED INVENTORY OF TEN. THESE IN TURN WOULD BE

REPLACED BY NEW PURCHASES FROM BOEING. THE BOEING OFFICIALS BELIEVE THAT MORE THAN JUST AN INITIAL TWO OR THREE 707'S FOR NORTH KOREA WOULD BE INVOLVED, AND THAT THE EVENTUAL NUMBER COULD BE MUCH LARGER.

3. MILLER WONDERED WHAT THE USG REACTION MIGHT BE IF THE PRC PRESENTED IT WITH A FAIT ACCOMPLI, I.E. TRANSFERRED SOME OF ITS OWN 707'S TO NORTH KOREA AND THEN ORDERED MORE FROM BOEING. IN REPLY, USLO OFFICERS SAID THAT DECISIONS ON EXPORT CONTROL MATTERS ARE MADE IN WASHINGTON, BUT SPECULATED THAT SUCH A DEVELOPMENT WOULD CONCEIVABLY MAKE IT FAR MORE DIFFICULT FOR BOEING AND OTHER COMPANIES TO GET EXPORT LICENSES FOR THE SALE OF CONTROLLED ITEMS TO THE PRC. MILLER MAY ONLY HAVE BEEN TRYING TO FEEL OUT OUR ATTITUDE, BUT HE CONVEYED THE IMPRESSION THAT BOEING IS NOT DISPOSED TO OPPOSE THE CHINESE TRANSFER OF THEIR 707'S TO NORTH KOREA, AND INDICATED HE WOULD NOT BE SURPRISED IF SUDDENLY ONE DAY SOME OF THE 707'S NOW PARKED AT THE PEKING AIRPORT DEPART FOR PYONGYANG. HE AND CHORLTON ALSO STRESSED THAT IF THE NORTH KOREANS CANNOT GET BOEINGS, THEY WILL SIMPLY LOOK TO OTHER POSSIBLE SUPPLIERS, PROBABLY THE USSR FOR IL-62'S.

4. THE BOEING EXECUTIVES MADE IT CLEAR THEY ARE VERY INTERESTED IN THESE ADDITIONAL POSSIBLE SALES, AND SAID THEY WILL PURSUE THE MATTER FURTHER WITH USG OFFICIALS IN WASHINGTON. MILLER AND CHORLTON EXPECT TO BE IN WASHINGTON FOR THIS PURPOSE IN ANOTHER WEEK OR TEN DAYS.
HOLDRIDGE

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